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FISCAL IMPACT STATEMENT

LS 7016

BILL NUMBER: HB 1186

NOTE PREPARED: Jan 4, 2004

BILL AMENDED:

SUBJECT: Tax increment financing.

FIRST AUTHOR: Rep. Borror

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: This bill authorizes a redevelopment commission to use money in a tax increment financing (TIF) allocation fund to make contract payments to a nonprofit corporation whose primary purpose is to assist government in planning and implementing economic development projects.

Effective Date: July 1, 2004.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: Under current law, TIF proceeds may be used to:

1. Pay debt service on obligations incurred for the financing of redevelopment in the allocation area;
2. Deposit funds into a debt service reserve to pay bonds;
3. Pay debt service on bonds used to pay for local improvements in or serving the allocation area;
4. Pay premiums on early bond redemptions;
5. Make lease payments;
6. Reimburse the local unit for the cost of making local improvements;
7. Reimburse the local unit for rent paid by the unit for a building or parking facility in or serving the allocation area;
8. Pay a PTRC-like credit to taxpayers in the allocation area;
9. Pay expenses incurred by the redevelopment commission for public improvements in or serving the allocation area; and
10. Reimburse public and private parties for expenses in training employees of certain industrial

facilities.

In addition to the above approved uses of TIF proceeds this bill would allow these funds to be used to make contract payments to a nonprofit corporation to assist in planning and implementing economic development projects. This bill would not result in any additional revenues. It would only allow an additional use of existing revenues.

In CY 2002 the amount of AV that was tiffed was \$4.4 B, generating \$167 M in gross TIF proceeds.

Explanation of Local Revenues:

State Agencies Affected:

Local Agencies Affected: Local redevelopment commissions.

Information Sources: Local Government Database.

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